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**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH COUNCIL**
Paradis, Louisiana

**Basic Financial Statements
With Required Supplemental Information
And Independent Auditor's Reports**

As of and for the Year Ended December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

6/25/08

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**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH**
Paradis, Louisiana

Basic Financial Statements
With Supplemental Information Schedules
and Independent Auditor's Report

As of and for the year ended December 31, 2007

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**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH**
Paradis, Louisiana

Basic Financial Statements
With Supplemental Information Schedules
and Independent Auditor's Report

As of and for the year ended December 31, 2007

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Sunset Drainage District
St. Charles Parish
Paradis, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of Sunset Drainage District (the District), component unit of St. Charles Parish, as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

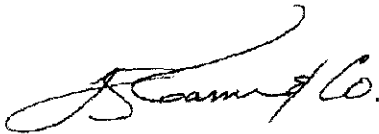
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Sunset Drainage District, as of December 31, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2008, on our consideration of Sunset Drainage District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 10 and page 30, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation Paid to Board Members is presented for purposes of additional analysis and is not a required part of the basic financial statements. This Schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Thibodaux, Louisiana
May 26, 2008

Required Supplemental Information
(Part 1 of 2)

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH**

Paradis, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2007

Our discussion and analysis of the Sunset Drainage District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2007.

FINANCIAL HIGHLIGHTS

- Based upon the operation of 2007, the District's net assets increased by \$149,687 and resulted in ending net assets of \$804,145.
- Cash and investments at the end of the year increased by \$18,698 from the prior year.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 11 and 12 provide information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 13. For governmental-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide sections of the statements by providing information about the District's significant funds.

A. REPORTING ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

1. The Statement of Net Assets and the Statement of Activities

The government-wide financial statements present financial information for all activities of the District from an economic resource measurement focus using the accrual basis of accounting. They present governmental activities, such as general government, separately from business-type activities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and the changes. These net assets, the difference between the assets and the liabilities, are one way

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH**

Paradis, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2007

to measure the District's financial position or financial health. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

B. REPORTING ON THE DISTRICT'S MOST SIGNIFICANT FUNDS

1. Fund Financial Statements

The fund financial statements provide detailed information about the District's governmental fund. All of the District's expenditures are reported in its governmental fund, which focus on how money flows into and out of the fund and the balance left at year-end that is available for spending. This fund is reported using the modified accrual method, which measures cash and all other financial assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the expense paid from the fund. The information in the governmental fund helps determine if there are more or less financial resources to finance future District expenditures. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental fund in reconciliations on pages 15 and 16.

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH**
Paradis, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2007

ANALYSIS OF THE DISTRICT USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following amounts reflect condensed information on the District's net assets:

	<u>2007</u>	<u>2006</u>	<u>Difference</u>
Assets			
Current assets	\$ 265,203	\$ 246,579	\$ 18,624
Capital assets, net of depreciation	<u>553,696</u>	<u>417,246</u>	<u>136,450</u>
Total assets	<u>818,899</u>	<u>663,825</u>	<u>155,074</u>
Liabilities			
Current liabilities	<u>14,754</u>	<u>9,367</u>	<u>5,387</u>
Total liabilities	<u>14,754</u>	<u>9,367</u>	<u>5,387</u>
Net Assets			
Investment in capital assets, net of depr	553,696	417,246	136,450
Unrestricted	<u>250,449</u>	<u>237,212</u>	<u>13,237</u>
Total net assets	<u>\$ 804,145</u>	<u>\$ 654,458</u>	<u>\$ 149,687</u>

- Current assets for the year increased by \$ 18,624 or 8%. This was primarily due to an increase in cash for the year of \$18,698.
- At the end of the year, the District had capital assets, net of accumulated depreciation in the amount of \$553,696. This was comprised of \$ 251,728 in nondepreciable land, \$1,786,479 in depreciable capital assets and \$1,484,510 in accumulated depreciation. The District purchased \$191,912 and removed \$20,995 in capital assets during 2007.
- Total liabilities at the end of the year were \$14,754. This amount was \$5,387 or 58% higher than at the end of 2006. This was primarily attributable to SIMPLE payable increase of \$3,727 from 2006 to 2007.

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2007

- Based upon the operation of 2007, the District's net assets increased by \$149,687 and resulted in ending net assets of \$804,145.

The following table illustrates the revenues and expenses which generated the increase in net assets for the fiscal year.

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>
Revenue			
General Revenue:			
Maintenance taxes	204,381	193,047	11,334
St. Charles Parish Council grant	348,372	165,516	182,856
Oil & gas royalties & leases	34,125	25,469	8,656
Interest	1,523	892	631
Gain on the sale of assets	3,825	521	3,304
Other	9	8	1
	<u>592,235</u>	<u>385,453</u>	<u>206,782</u>
Expenses			
Operating and maintaining drainage	442,548	404,926	37,622
	<u>442,548</u>	<u>404,926</u>	<u>37,622</u>
Change in net assets	149,687	(19,473)	169,160
Net assets, beginning of the year	<u>654,458</u>	<u>673,932</u>	<u>(19,474)</u>
Net assets, end of the year	<u>\$ 804,145</u>	<u>\$ 654,459</u>	<u>\$ 149,686</u>

- Total revenue for the year was \$592,235. This amount was \$206,782 or 54% higher than last year. This is primarily attributable to an increase in parish funding furnished to purchase capital assets.
- Total expenses for the year were \$442,548. This amount was \$37,622 or 9% higher than last year. While most of the expenditure areas increased slightly this year, the largest expenditure increase was seen in equipment repairs.

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH**

Paradis, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2007

GOVERNMENTAL FUND

The District uses funds to help control and manage money for particular purposes. At the completion of the year, the District's governmental fund reported a fund balance of \$74,944. For the year, the District's fund balance increased \$14,968.

The District's total revenues and other sources were \$578,067. This amount is 63% higher than last year's revenue. This was primarily attributable to an \$182,856 increase in parish council revenue received to purchase an excavator. The total expenditures were \$563,102, which includes \$191,912 in capital asset purchases.

For the year, the District had excess revenues and other financing sources over expenditures in the amount of \$14,965.

CAPITAL ASSETS AND LONG-TERM DEBT

During the year, the District purchased a 2008 truck for \$20,765, an excavator for \$158,222, a bush hog for \$9,995, and a pressure washer for \$2,930, for total capital additions of \$191,912. On July 10, 2007, the district lost on its 2006 Ford truck due to a collision. The truck was removed from the asset list. This resulted in a loss of \$16,446 on the disposal of the asset. Depreciation expense for the year was \$39,016. The total capital assets, net of accumulated depreciation, were \$553,696 as of December 31, 2007.

There was no long-term debt activity for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget was amended December 13, 2007 to bring it more in line with the actual activity. A budget to actual comparison schedule can be found on page 30.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Mr. L.J. Frickey, Secretary/Treasurer, 152 Bayou Estates Drive, Des Allemands, Louisiana 70030.

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH**

Paradis, Louisiana

Management's Discussion and Analysis
For the year ended December 31, 2007

CLOSING COMMENTS

The District continues to closely monitor the use of its funds to ensure that the funds are spent wisely. We are very proud of the progress that has been made throughout the parish in providing drainage to all our citizens.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana**

**Statement of Net Assets
December 31, 2007**

	<u>Governmental Activites</u>
ASSETS	
Current assets	
Cash	\$ 83,062
Investments	1,224
Receivables:	
Maintenance taxes	175,508
Royalties	3,404
US Treasury	<u>2,005</u>
Total current assets	<u>265,203</u>
Fixed assets	
Capital assets, net	<u>553,696</u>
Total fixed assets	<u>553,696</u>
Total assets	<u>818,899</u>
LIABILITIES	
Current liabilities	
Accounts payable	3,890
Payroll withholdings payable	8,788
Accrued wages payable	<u>2,076</u>
Total current liabilities	<u>14,754</u>
Total liabilities	<u>14,754</u>
NET ASSETS	
Investment in capital assets, net of related debt	566,371
Unrestricted	<u>237,774</u>
Total net assets	<u>\$ 804,145</u>

The accompanying notes are an integral part of this statement.

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana**

**Statement of Activities
For the Year Ended December 31, 2007**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Total</u>
Expenses:				
Operating and maintaining drainage:				
Advertising	\$ 354			\$ 354
Contract labor	50,700			50,700
Equipment repair	43,229			43,229
Fuel	23,494			23,494
Insurance	35,195			35,195
Legal & accounting	16,904			16,904
Maintenance tax expenditures	28,571			28,571
Material & supplies	19,615			19,615
Miscellaneous	434			434
Office supplies	2,930			2,930
Per diem	4,030			4,030
Professional services	1,475			1,475
Salaries	130,664			130,664
Secretary/Treasurer	3,000			3,000
Small tools & equipment	2,789			2,789
Taxes - payroll	9,956			9,956
SIMPLE expense	3,645			3,645
Employee health ins expense	16,565			16,565
Telephone	2,547			2,547
Utilities	3,664			3,664
Depreciation expense	39,016			39,016
Loss on disposal of asset	3,771			3,771
Total governmental activities	<u>\$ 442,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442,548</u>

General Revenues

Maintenance taxes	\$ 204,381
St. Charles Parish Council grant	348,372
Oil & gas royalties & leases	34,125
Interest	1,523
Gain on the sale of assets	3,825
Other	9

Total general revenues 592,235

Change in net assets 149,687

Net assets:

Beginning of the year 654,458

End of the year \$ 804,145

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS

Fund Financial Statements

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana**

**Balance Sheet - Governmental Fund
December 31, 2007**

	<u>General Fund</u>
ASSETS	
Cash	\$ 83,062
Investments	1,224
Receivables:	
Maintenance taxes	204,082
Royalties	3,404
US Treasury	<u>2,005</u>
Total assets	<u><u>\$ 293,777</u></u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 3,890
Payroll withholdings payable	8,788
Accrued wages payable	2,076
Deferred revenue	<u>204,079</u>
Total liabilities	<u>218,833</u>
 Fund balance	
Fund balance - unreserved	<u>74,944</u>
 Total fund balance	<u>74,944</u>
 Total liabilities and fund balance	<u><u>\$ 293,777</u></u>

The accompanying notes are an integral part of this statement.

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana**

**Statement Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended December 31, 2007**

	General Fund
Revenues	
Maintenance taxes	\$ 177,538
St. Charles Parish Council grant	348,372
Oil & gas royalties & leases	34,125
Interest	1,523
Other	9
Total revenues	561,567
Expenditures	
Advertising	354
Contract labor	50,700
Equipment repair	43,229
Fuel	23,494
Insurance	35,195
Insurance - employee health	16,565
Legal & accounting	16,904
Material & supplies	19,615
Miscellaneous	434
Office supplies	2,930
Per diem	4,030
Professional services	1,475
Salaries	130,664
Secretary/Treasurer	3,000
Small tools & equipment	2,789
Taxes - payroll	9,956
SIMPLE expense	3,645
Telephone	2,547
Utilities	3,664
Capital outlay	191,912
Total expenditures	563,102
Excess of revenues over (under) expenditures	(1,535)
Other financing (sources) and uses	
Insurance claim - auto collision	(12,675)
Proceeds from sale of assets	(3,825)
Total other financing sources	(16,500)
Excess of revenues and other financing sources over (under) expenditures	14,965
Fund balance	
Beginning of year	59,979
End of year	\$ 74,944

The accompanying notes are an integral part of this statement.

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana**

**Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Assets
December 31, 2007**

Total Fund Balances - Governmental Funds	\$ 74,944
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Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet	553,696
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Maintenance taxes on the Governmental Funds Balance Sheet are recorded for the total assessment; however, on the Statement of Net Assets, the receivable is net of maintenance tax expense	(28,574)
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Maintenance taxes will be collected after year end; but, they are not available soon enough to pay for the current period expenditures; therefore they are reported as deferred revenue in the fund financial statements.	<u>204,079</u>
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Total Net Assets - Governmental Activities	<u><u>\$ 804,145</u></u>
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The accompanying notes are an integral part of this statement.

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended December 31, 2007**

Net Change in Fund Balances - Governmental Funds	\$	14,965
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Amounts reported for governmental activities in the Statement of
Activities are different because:

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital assets purchased	191,912	
Depreciation expense	(39,016)	
Insurance claim - auto collision	(12,675)	
Loss on disposal of asset	<u>(3,771)</u>	136,450

Maintenance tax revenue and expenses in the statement of activities that
do not provide current resources is not reported as revenue in the
fund financial statements.

Difference in maintenance tax revenue	26,843	
Maintenance tax expense	<u>(28,571)</u>	<u>(1,728)</u>

Change in Net Assets - Governmental Activities	\$	<u>149,687</u>
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Notes to the Financial Statements

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2007**

INTRODUCTION

The Sunset Drainage District of St. Charles Parish was established May 16, 1924. It is controlled by a five member board of commissioners appointed by the St. Charles Parish Council. Sunset Drainage District funds are dedicated to operating and maintaining drainage facilities within the district boundaries. Financing is provided primarily by a grant from the St. Charles Parish Council, maintenance taxes, mineral royalties, and interest on investments. At year end the board employed three employees.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The accompanying general purpose financial statements of the Sunset Drainage District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting entity

As the governing authority of the parish, for reporting purposes, the St. Charles Parish Council is the financial reporting entity for St. Charles Parish. The financial reporting entity consists of (a) the primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is classified as a component unit of St. Charles Parish because the parish council appoints the organizations governing body and because there is the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

C. Government-wide accounting

In accordance with Government Accounting Standards Board Statement No. 34, the District has presented a Statement of Net Assets and a Statement of Activities for the District as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods and services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities, these are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Program Revenues

The Statement of Activities presents two categories of program revenues — (1) charges for services; and (2) operating grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the District. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use. The District does not have any revenue from charges for services.

Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the District has chosen not to do so.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. The District does not have any proprietary funds.

Restricted Net Assets

Restricted net assets are those for which a constraint has been imposed either externally or by law. The District recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

D. Fund Accounting

The District uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified as governmental. This category, in turn, is divided into separate fund types. The fund classifications and a description of the only existing fund type follow:

Governmental Funds

Governmental funds account for all of the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. The general fund is the operating fund of the District and accounts for all financial resources. It is the District's only governmental fund.

E. Basis of Accounting / Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

The fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The District considers revenues to be "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation is a cost that is not recognized in the governmental funds. The District does not have any business-type activities.

F. Budgets

The District adopted the budget for the General Fund for the year ended December 31, 2007 as required by Louisiana Revised Statutes 39:1303-1305. Budget integration was employed as a management control device during the year. Unexpended appropriations lapse at year end, and must be reappropriated in the next year's budget to be expended. The board of commissions reserves all authority to make changes to the budget. The budget is prepared on the cash basis, which is a non-GAAP basis of accounting.

Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments (if any). The district did not budget beginning or ending fund balance for the calendar year ended December 31, 2007.

G. Encumbrances

The District does not use encumbrance accounting.

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

H. Cash and cash equivalents, and investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, money market accounts, and time deposits. Investments include amounts in the Louisiana Asset Management Pool. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the board may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

The District invests funds in the Louisiana Asset Management Pool (LAMP). LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. For financial statement purposes, LAMP investments are valued and reported at fair value. A 2a7-like pool is an external investment pool that is not registered with the Securities and Exchange commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

I. Inventories

Physical inventories consist of expendable supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
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Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings & Improvements	5 – 30 years
Equipment	5 – 15 years
Office furniture	5 – 7 years
Vehicles	5 – 15 years

L. Compensated absences

The District has the following policy relating to vacation and sick leave:

Employees of the District earn from 5 to 20 days of vacation leave each year, depending on their length of service. All employees earn 6 days of sick leave each year. Sick leave may be accumulated to a maximum of 30 days. Upon retirement or death, unused accumulated vacation for the year is paid to the employee or to the employee's estate at the employee's current rate of pay. Vacation leave cannot accrue from one year to the next.

In accordance with GASB Statement No. 16, the cost of vacation leave is accrued only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals. The costs of sick leave privileges are not recorded as liabilities in the financial statements because they will not result in termination payments. There is no liability for vacation leave as of the end of the year because the employees' vacation leave cannot be accrued from one year to the next.

M. Net Assets/Fund Balances

In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets is as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
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Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

Restricted Net Assets

Net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

NOTE 2. MAINTENANCE TAXES

The Sunset Drainage District of St. Charles Parish is authorized under L.S.A. R.S. 38:1674.14 to levy an annual acreage tax in an amount not to exceed \$20.00 per acre on each acre of land within the boundaries of the district for the purpose of improving, operating and maintaining drainage facilities. For the year ending December 31, 2007, the district levied an acreage tax of \$20.00 per acre of land. The St. Charles Parish Assessor levies the tax each year on November 15 based upon the assessed value, less homestead exemptions. The 1st day of January preceding the annual levy date (Nov. 15th) will be used as the date to value the property subject to the tax. The tax becomes due on November 15 and is considered delinquent if not paid by December 31. Most of the tax revenues are collected during the months of December, January, and February. The St. Charles Parish Council acts as the collection agent for these taxes.

The maintenance tax revenue is recorded in the government-wide and fund financial statements as follows:

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

Government-wide financial statements

In the government-wide financial statements, maintenance taxes receivable is recorded for the total amount assessed. Maintenance taxes revenue is recorded as the total amount assessed plus prior year taxes collected during the current year. Prior to remitting the taxes, the Tax Collector deducts 14% commission on collected taxes charged by the Tax Collector. In 2007, the expense for the 14% commission was \$28,571.06. This expense is reported as maintenance tax expense. An allowance for doubtful accounts is not recorded by the District because the amount of uncollected taxes is immaterial and written off in the year following the year of assessment.

Fund financial statements

In the fund financial statements, the District records maintenance taxes revenue in the year following the assessment, when the majority of the taxes actually collected. The District records the taxes in this manner because the Board does not consider the taxes that are assessed in the current year to be "available" to pay current year expenditures because most of it will not be collected until after year-end. Accordingly, the Board budgets the tax revenue to be spent in the year that it is collected and not when it is assessed. The Board records as a receivable and deferred revenue the total amount of assessment for the current year on the fund balance sheet.

The total taxable acreage for 2007 was 10,304 acres. The following are the principal taxpayers for the district::

<u>Taxpayer</u>	<u>Total Acreage Assessed</u>	<u>Total Tax Assessed</u>	<u>% of Total Acreage Assessed</u>
Texaco, Inc.	8,191	\$ 163,815	80.27%
Sunset Ridge Development, LLC	272	5,443	2.67%
Lemmon, Mary Ann Vial, et als	140	2,800	1.37%
Rivet, Huey J.	115	2,300	1.13%
Sunset Ridge Development, LLC	112	2,232	1.09%
Texaco, Inc.	108	2,154	1.06%
Sunset Ridge Development, LLC	75	1,494	0.73%
Beau Place Estates, LLC	42	820	0.41%
Riviere, Lula Matherne	41	814	0.40%
One Mile, LLC	40	795	0.39%
	<u>9,135</u>	<u>\$ 182,667</u>	<u>89.53%</u>

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

NOTE 3. GRANT

The St. Charles Parish Council subsidized the operations of the District in the amount of \$348,372 for the fiscal year 2007. The Sunset Drainage District agrees to adequately maintain the drainage system within the boundaries of the District to protect the lives and property of the citizens residing within the district. The amount granted for 2007 includes additional funds in order to purchase an Excavator.

NOTE 4. CASH AND INVESTMENTS

At December 31, 2007, the District's cash and investments consisted of the following:

<u>Cash & Investments</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
Cash:					
Checking account	\$ 83,062	\$ 83,062	0.20%	Demand	Category 1
Total Cash	<u>83,062</u>	<u>83,062</u>			
Investments:					
LAMP	<u>1,224</u>	<u>1,224</u>	5.07%	Demand	Not Required
Total Investments	<u>1,224</u>	<u>1,224</u>			
Total Cash & Investments	<u>\$ 84,286</u>	<u>\$ 84,286</u>			

At year-end, the carrying amount of the District's checking account on the books was \$83,062, with related bank balances totaling \$86,249. The difference in the book and bank balances for these accounts relates to deposits made and checks written which were in transit at year-end.

At year-end, the total balances of the District's checking account (bank balances) at the bank totaled \$86,249. The total amount secured by FDIC insurance (Category 1) was \$100,000. Had there been any remaining uninsured balance, it would have been collateralized by securities pledged by the bank and held for the benefit of the District (also Category 3) thereby eliminating the credit risks.

LAMP is an external investment pool established as a cooperative endeavor to enable public entities in the State of Louisiana an opportunity to combine their funds for investment. LAMP is administered by LAMP, Inc., a non-profit corporation organized under Louisiana law. Although LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

funds in short-term, high-quality investments. The LAMP portfolio includes investments only in federal agencies backed by the U.S. government, government-only money market funds rated AAA by Standard & Poor's, and commercial paper of domestic United States corporations rated A-1 or A-1+ by Standard & Poor's. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and LAMP consists of no securities with a maturity of more than 397 days. However, LAMP voluntarily complies with Standard & Poor's requirement for AAAM rated funds to restrict the average weighted average maturity of investments to 60 days or less in order to maintain its AAAM rating for the LAMP pool. By doing this, LAMP maintains the safety of its invested principal and limits its exposure to loss in the market. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments comprising LAMP's portfolio are stated at their fair values based on quoted market rates. The fair values are determined on a weekly basis by LAMP and the fair value of the position of the pool is the same as the value of the pool shares. LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there are no assurances that LAMP will be able to always achieve this objective. Because of its liquidity, the balance in the LAMP account is classified as a current asset on the Statement of Net Assets. The LAMP investment does not have a credit risk categorization similar to the District's demand deposit because the LAMP investment is not evidenced by securities that exist in physical or book entry form. However, LAMP issues an annual audited financial statement, in which the pool's custodial credit risks and investment policies are disclosed.

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

NOTE 5. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance at 12/31/2006	Additions	Deletions	Balance at 12/31/2007
Capital assets not being depreciated:				
Land	\$ 251,728	\$ -	\$ -	\$ 251,728
Total capital assets not being depreciated	251,728	-	-	251,728
Capital assets being depreciated:				
Equipment	679,413	191,912	20,995	850,330
Buildings & Improvements	42,570	-	-	42,570
Land Improvements	893,579	-	-	893,579
Total capital assets being depreciated	1,615,562	191,912	20,995	1,786,479
Less: accumulated depreciation	(1,450,043)	(39,016)	(4,549)	(1,484,510)
Total capital assets being depreciated, net	165,519	152,896	16,446	301,969
Total capital assets, net	\$ 417,247	\$ 152,896	\$ 16,446	\$ 553,697

Depreciation expense for the year was \$39,016.

NOTE 6. PENSION PLAN

A. Social Security

All employees of the Sunset Drainage District contribute to the Department of the Treasury, Division of Social Security. Contributions to the system are made by both the employees and the District as a percentage of salaries. For the year ended December 31, 2007, the District contributed \$8,101 to the system as its share of the contributions. Other than the annual contributions required by the system and recorded as expenditures annually, Sunset Drainage District does not guarantee any of the benefits granted by the retirement system.

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

B. SIMPLE Retirement Plan

Plan Description: Sunset Drainage District offers a Savings Incentive Match Plan (SIMPLE) plan for eligible employees. This plan is being managed by Oppenheimer Funds. To be eligible to participate, employees must have at least two years of service during which they have earned \$5,000 and expect to earn \$5,000 during the current year. All of the employees of Sunset Drainage District are eligible and do participate in this SIMPLE plan. Withdrawals made by employees before attaining age fifty-nine and one-half years old and within two years from the date of joining the plan may be subject to a 25% premature withdrawal penalty tax. After two years of participation, a 10% early withdrawal penalty tax may be imposed on these employees. Distributions must start no later than April 1 of the year after the year that the individual reaches seventy and one-half years old.

Funding Policy: The plan is funded by both the employee and employer. The employee determines the amount or portion of their income that he or she wants to contribute to the plan. This "contribution" is made on a pre-tax basis, thereby reducing the amount of employee's income that is subject to federal taxation. Employees are allowed to put up to 100% of their income with a maximum contribution of \$10,500 a year or \$13,000 if the employee has reached 50 years of age or older. The employee has a choice of various funds into which he or she may invest his or her money. The rate of return on these funds varies with each fund. The employer's portion of the funding is done by way of a match. The employer matches the employee's contribution dollar for dollar, up to 3% of each individual's compensation to a maximum of \$8,000 per year. This amount can be reduced to a minimum of 1% for any two years out of a five-year period. For the year ending December 31, 2007, the amount of the employee's portion of the funding is \$21,618. The amount of the employer's portion of the funding was \$3,835 for 2007, \$4,090 for 2006, and \$4,067 for 2005.

NOTE 7. OTHER POSTEMPLOYMENT BENEFITS

The District provides no other postretirement benefits.

NOTE 8. LEASES

The District had no capital leases to be recorded as assets and obligations in the accompanying financial statements.

SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2007

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the district's insurance coverage.

NOTE 10. LITIGATION AND CLAIMS

At December 31, 2007 the district had no litigation or claims pending.

Required Supplemental Information
(Part 2 of 2)

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana
GOVERNMENTAL FUND - GENERAL FUND**

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Basis)
For the Year ended December 31, 2007**

	Original Budget	Amended Budget	Actual	Variance - with Final Budget Positive (Negative)
Revenues				
Maintenance taxes	\$ 174,000	\$ 177,574	\$ 177,538	\$ (36)
St. Charles Parish Council grant	-	-	348,372	348,372
Oil & gas royalties & leases	20,000	32,061	32,471	410
Insurance Claim	-	-	12,875	12,875
Interest	1,000	1,462	1,523	61
Other	2,000	367,373	9	(367,364)
Total revenues	197,000	578,470	572,588	(5,882)
Expenditures				
Advertising	500	354	354	-
Contract labor	25,000	49,580	50,700	(1,120)
Equipment repair	40,000	43,199	44,414	(1,215)
Fuel	50,000	23,494	23,494	-
Insurance	50,000	54,394	36,634	17,760
Legal & accounting	30,000	17,304	16,904	400
Material & supplies	15,000	16,640	18,237	(1,597)
Miscellaneous	3,000	1,097	434	663
Office supplies	500	1,042	1,130	(88)
Per diem	4,200	4,160	4,030	130
Professional services	3,000	1,475	1,475	-
Salaries	124,750	130,486	130,595	(109)
Secretary/Treasurer	3,000	3,000	3,000	-
Small tools & equipment	-	-	2,789	(2,789)
Taxes - payroll	7,000	9,920	9,956	(36)
SIMPLE expense	4,000	3,321	3,645	(324)
Employee Health Insurance	-	-	16,565	(16,565)
Telephone	3,000	2,447	2,442	5
Utilities	4,200	4,681	3,604	1,077
Capital Outlay	250,000	192,746	191,912	834
Total expenditures	617,150	559,340	562,314	(2,974)
Excess of revenues over (under) expenditures	(420,150)	19,130	10,274	(8,856)
Other financing (sources) and uses				
Proceeds from sale of assets	-	-	3,825	(3,825)
Total other financing sources	-	-	3,825	(3,825)
Excess of revenues and other financing sources over (under) expenditures	(420,150)	19,130	14,099	(5,031)
Fund Balance				
Beginning of the year	not budgeted	not budgeted	59,979	
End of the year			<u>\$ 74,078</u>	

Supplemental Information Schedules

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana**

**Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2007**

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. R.S. 38:1607 authorizes each commissioner to receive compensation of not more than sixty-five dollars per day including all actual expenses, while attending to the business of the district.

<u>Member</u>	<u>Per Diem</u>	<u>No. of Days</u>	<u>Total Per Diem</u>
Eric Matherne	\$ 65	13	\$ 845
Harry Zeller, Jr.	65	16	975
Curtis Matherne	65	12	780
Ronald Dufrene	65	11	715
Dale Estay	65	12	<u>780</u>
Total			<u>\$ 4,095</u>

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana**

**Summary Schedule of Prior Year Audit Findings
As of and for the Year Ended December 31, 2007**

Ref. No.
0612-01

Fiscal year finding initially occurred
Fiscal year ended December 31, 1996

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the Sunset Drainage District's operation and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Taken

No corrective action will be taken because of the size of the entity.

Ref. No.
0612-02

Fiscal year finding initially occurred
Fiscal year ended December 31, 2006

Description of Finding

Local Government Budget Act LSA-RS 39:1301-14 requires that the governing authority amend its budget when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, fail to meet total budgeted revenues and other sources by five percent or more or when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, exceed the total budgeted expenditures and other uses by five percent or more.

The District's board amended the budget to comply with this requirement. The amended budget reflected an increase in capital outlay expenditures of \$125,000 to purchase water tubing. However, by year-end, this purchase had not been made causing the actual expenditures to be much less than budgeted expenditures. Also, budgeted revenues did not reflect the grant received by St. Charles Parish. These two items caused the budgeted revenues and other sources and budgeted expenditures to deviate from the actual amounts by more than 5%.

Corrective Action Taken

Board reviews the budget to actual report monthly and amended its budget in compliance with budget law.

**SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana**

**Corrective Action Plan for Current Year Findings
As of and for the Year Ended December 31, 2007**

Ref. No.

0712-01

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the Sunset Drainage District's operation and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Planned

No corrective action is planned because of the size of the entity.

Name of Contact Person

L.J. Frickey, Secretary/Treasurer

Anticipated Completion Date

None

Additional Explanation

This is a common reportable condition noted in audits of small governmental entities. The district's office does not employ enough people in its accounting department to segregate duties.

The reportable condition cannot be remedied in a cost effective manner.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

BOARD OF COMMISSIONERS
SUNSET DRAINAGE DISTRICT
ST. CHARLES PARISH
Paradis, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of Sunset Drainage District (the District), component unit of St. Charles Parish, as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

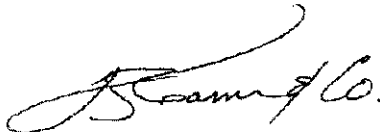
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted one matter involving the internal control over financial reporting and its operation that we consider to be material weaknesses. This matter is described in the accompanying corrective action plan for current year audit findings as item 0712-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the District's board of commissioners, management, St. Charles Parish Council, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Thibodaux, Louisiana
May 26, 2008